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## THE DEVELOPMENT OF MR. CHAMBERLAIN'S FISCAL POLICY

One may search diligently through the voluminous periodical literature upon the subject of the present fiscal controversy in England without being at all sure that he understands just what subject is under discussion. Those who range themselves upon the side of the ex-Colonial Secretary dwell upon the peril to England in not having a navy which outnumbers the ships of all the rest of the world in a ratio of five to three; or analyze the foreign trade of the United Kingdom and tremble because the balance is constantly against Great Britain, and because over 50 per cent of the wheat, flour, and meat consumed by her inhabitants is drawn from the United States. They find that, from whatever point they view the situation, a new fiscal policy is necessary; but as for discussion of any specific proposals, there is little of it.

Mr. Chamberlain himself long hesitated to outline any specific policy; it was not feasible to do so before the administration had first been given general powers to negotiate with the colonial and foreign governments, and had had an opportunity in the course of such negotiations to work out a detailed outline. However, in his speech at Glasgow, October 7, 1903, Mr. Chamberlain did give a detailed and specific outline of his policy, though claiming it to be merely provisional and subject at any time to modifications.

He proposed to lay a specific duty of two shillings per quarter upon foreign grain, excepting from this duty maize, which was the food of the very poor of England, and also was the "raw material of the farmer," it being the principal material with which he fattened his swine. To compensate this tax he proposed to place a duty upon wheat flour imported from foreign countries, making it large enough to give to the British miller a "substantial preference;" the object of the latter feature being to re-establish the flour-milling industry of England. He further contemplated an *ad valorem* duty of 5 per cent on foreign meat and dairy produce, excepting bacon, "a popular food with some of the poorest of the population," in order to encourage the production of those commodities in Canada, Australia, and New Zealand. And finally he would possibly place a tax upon foreign fruits and wines in order

to favor the producers of fruits and wines in South Africa and Australia; though this item was more provisional than the others.

To compensate the British consumers for any small burdens which the foregoing taxes might impose upon them, Mr. Chamberlain proposed a reduction of the duties on certain articles which are already on the tariff list. These reductions consist of a remission of four pence per pound of the duty on tea, or 75 per cent; a reduction of 50 per cent of that on sugar, and "corresponding" reductions of the duties on coffee and cocoa.

These proposed reductions were estimated as amounting to four shillings per head of population; while the proposed new taxes would amount to only three shillings, netting a loss to the Exchequer of two million eight hundred thousand sterling. To recoup the treasury for this loss, he proposed to place upon manufactures imported from foreign countries an *average* duty of 10 per cent. This, he estimated, would yield about nine millions sterling and leave a large surplus on the basis of which to make further reductions in existing duties.

In his speech at Birmingham on May 15, 1903, Mr. Chamberlain had unreservedly expressed himself in favor of remitting to the people the whole increase of revenue from his proposed duties on foodstuffs in the form of old-age pensions. But in his more recent speeches he seems to have abandoned that item of his programme.

The objects of this fiscal policy, as expressed or implied in the course of his speeches, are three in number. The first sometimes appears under the name of "retaliation," and just as often under that of "reciprocity." Mr. Chamberlain is careful to disclaim any protectionist sympathies, like Mr. Balfour, "approaching the issue from the free-trade standpoint." But he finds that the protective policies of the other great commercial and industrial nations have rendered actual free trade non-existent; all that Great Britain has to represent it is "free imports." He would therefore place duties upon the principal imports from foreign countries, as a matter of retaliation against them, and in order to place the United Kingdom in position to negotiate reciprocity treaties with those foreign countries. The latter feature, however, does not seem to occupy an important place in his programme.

In this retaliatory programme an exception is to be made in

favor of the British colonies in return for concessions from them in duties placed upon imports from Great Britain. This is part of a scheme of intra-imperial reciprocity, the object of which is to cement the British empire together by developing the commercial relations between its parts. And at the outset of the present fiscal campaign this, rather than retaliation against foreign countries, seemed to be the mark at which Mr. Chamberlain was aiming.

This object, closer union of the empire, is the one in connection with preferential tariffs which is expressly stated by the advocates of the policy. A second object is implied in the course of the argument, namely, a strengthening of the national or imperial defence. The manner in which preferential tariffs are to accomplish this is by rendering the empire less dependent upon foreign sources for its food supply. Everything which the inhabitants of the empire need could be obtained in very considerable quantities from within its own borders if the natural resources were developed. Premier Rollin, of Manitoba, has shown with considerable plausibility that if the present rate at which the western provinces of the Dominion are being peopled and developed continues, Canada can in a very few years furnish the United Kingdom with all the wheat it needs, whereas now Great Britain takes about 50 per cent of the wheat, flour, and meat she consumes from the United States. South Africa, Australia and New Zealand have great possibilities as meat-producing regions, and a preferential tariff which would favor these industries and stimulate the development of Western Canada would, in the view of the fiscal reformers, render the United Kingdom largely independent of the rest of the world for her food supply and greatly add to her security and power in the event of a foreign war.

Finally there remains to be named an object which Mr. Chamberlain would not probably, and in fact does not, admit as being before him in the present controversy, namely, protection. The ex-Colonial Secretary expressly denies the charge of being a protectionist; yet in the fiscal scheme which he has outlined he would give "a substantial preference" to the British flour producer in order to re-establish "one of England's greatest industries;" in his Greenock speech he appealed very effectively to his audience by expressing himself as desirous of restoring to them the sugar industry which had been destroyed through foreign competition. Elsewhere he named, in support of his argument, three industries

which have been destroyed by foreign competition, namely, sugar, which was alluded to above, agriculture, and silk manufacture. The tin-plate industry lost its valuable American market after the United States placed its protective duty around the manufacture of tin plate within its own borders. The American practice of "dumping" its surplus iron and steel manufactures on the English market has seriously threatened the iron trade of the United Kingdom. The implication in these appeals seems protective; and indeed, in his contemplated duties of 10 per cent on imported manufactures, Mr. Chamberlain might be and has been accused of slipping into his programme a moderately protective feature under the guise of a compensation to the treasury for reductions of other taxes. Although he claims that his purpose in this is ultimately to bring about a nearer approach to actual free trade, he nevertheless seems friendly to the protective idea, going so far as to cite the great progress of Germany and the United States under high protective systems as indicating a fallacy in the Cobden doctrines of free trade.

The objects which Mr. Chamberlain has in view, then, are: nominally, retaliation or reciprocity, strengthening of the imperial defence, a closer union of the empire, and seemingly, at least, protection to British manufacturers. These ideas of imperial defence, imperial federation, protection to British manufactures, or, as it is customary to put it, England's relative industrial decline,—and the means of treating these phenomena, preferential tariffs within the empire,—are intimately associated in all discussions of the present situation. The desirability of preserving the integrity of the empire is generally assumed, and then it is shown that from whichever of the remaining ideas we set out, preferential treatment of the British colonies necessarily results.

Thus, if we start from the standpoint of retaliation against foreign countries, or of protection, we must make an exception in favor of the colonies in order to keep the empire from disintegrating. One writer, beginning with a discussion of imperial defence as a basis, shows that the rapidly increasing burden of military and naval expenditures will necessitate a revolution in the fiscal policy of the United Kingdom; the income tax cannot be made to yield the additional revenue needed; indeed, the present high rate, which is a war measure, cannot hope to be maintained in time of peace; the remaining taxes and customs cannot be made to yield a material

increase in revenue. The necessary result will be the imposition of new taxes, and these, it is assumed, will be somewhat protective in their nature. Thus the writer arrives at the idea of protection. And as before, it is assumed that an exception must be made in favor of the colonies, lest the empire disintegrate, and the necessity of preferential tariffs is shown.

indeed, these questions of imperial federation, imperial defence, etc., have been intimately associated with one another and with that of preferential arrangements within the empire almost from the beginning. Great Britain's industrial decline is, for the most part, a new subject; yet even as early as 1887, Mr. Hofmeyr, of South Africa, cited this very matter of the decline of British exports as an argument in favor of an imperial customs arrangement; while imperial defence, or imperial federation in its broader sense, has ever been the excuse of the colonists for clamoring for a preference for their products in the markets of Great Britain.

To trace the development of the present fiscal policy we may use as a starting-point the colonial philosophy which ruled during the early and middle part of the last century. The revolt of the American colonies, coupled with the spirit of liberalism which pervaded the political philosophy of the time, induced an attitude of indifference, and indeed of pessimism, toward dependencies. It was believed that in the natural course of events the colonies would one by one sever their political relations with the empire, and become independent states; and the insistent demands of the Australasian colonies for complete local autonomy seemed to substantiate this view. In 1841 Lewis published his work on Government in Dependencies, and in this he found that the chief advantages arising from the relationship of sovereign state and dependency were on the side of the dependency, and that even these survived only during the youth of the dependency. Hence Great Britain was not only to expect that her colonies would ultimately become independent, but was to look forward with favor to the accomplishment of this end, as relieving the mother country of a part of her burdens.

This philosophy largely prevailed down till the middle of the eighties; it was this philosophy which induced Mr. Disraeli to refer to the colonies as "millstones about the neck of England;" and it has been asserted that this philosophy, with which Mr. Glad-

stone seems to have been thoroughly imbued, rather than the Boer success at Majuba Hill, gave to the South African Republic its independence in 1881. And even as late as 1894, and indeed at the present time, we find writers who confidently assert that the prosperity and safety of both the United Kingdom and the colonies is to be gained through the complete independence of the latter rather than in a closer federation.

But this early attitude toward colonial possessions has been gradually reversed. In 1854 Mr. Joseph Howe delivered before the Nova Scotia Legislature an address in which he took vital issue with the orthodox colonial philosophy of his time.<sup>1</sup> This was the time when the "Separatist" movement was seemingly especially strong because of the clamors of the colonies for local autonomy. Joseph Howe was instrumental in this movement; but he favored it, not as a step toward complete separation, but "toward a closer and more satisfactory federation of the empire." And this may be said to mark the beginning of the present "imperialistic" movement.

In 1883 Seeley published his "Expansion of England," and instead of descanting upon the disadvantages of colonies, he dwelt rather upon the things which Great Britain had accomplished, and even grew eloquent upon the subject of the glories of the empire. This is significant in that it seems to have made considerable impression upon the English people of the day.

By 1884 the imperial idea seems to have gained a strong, though by no means preponderating hold upon the colonists, and a considerable following in the mother country as well. In that year was formed the Imperial Federation League, of which the late W. E. Foster was the first president. The purpose of its organization was "To arouse interest in the general idea of imperial federation, to discussing its feasibility, to advocate periodical conventions of colonial representatives, and to promulgating the suggestion that the colonies should assume part of the burdens of imperial expenditure, and thus give some return for the benefits received."<sup>2</sup> The idea back of it was, that the constitutional arrangement under which the empire was then governed could not

<sup>1</sup> Parkin, "Imperial Federation," pp. 71-72. This was published in 1866, in a collection of speeches under the title of "Organization of the Empire."

<sup>2</sup> P. S. Reinsch, "Colonial Government" p. 260.

be permanent if the empire was to be united; that the resources of the empire should be combined for the common defence, and that all parts to bear the burden should have a voice in the control of imperial expenditures.<sup>3</sup>

The Imperial Federation League held annual dinners, at which these various subjects were discussed; but it never took any definite position in regard to any of them, except to recommend that colonial conferences like that of 1887 should be held at frequent intervals; its function was to discuss and promote discussion rather than to recommend. It was dissolved in 1893, and in 1895 its place was taken by a new organization, the British Empire League.<sup>4</sup>

The idea of imperial unity has developed more rapidly since the colonial conference of 1887. A kindly feeling toward the colonies had been induced by the small but voluntary assistance rendered by New South Wales in the difficulties which culminated in the fall of Khartoum; and the colonies were called to a conference at the time of the Queen's Jubilee of 1887. At this conference the subject of British preference to colonial products, which seems by that time to have pushed itself toward the front, was expressly withheld from discussion; but one of the colonial premiers hit upon the happy idea of discussing "preference" or reciprocity only as it applied to intercolonial relations.

Sir Samuel Griffith, Premier of Queensland, who introduced the subject before the conference, expressed himself as not being sanguine of any immediate success, but thought that "an airing of the question might result in future good." He expected no favor from Great Britain. "The principle dear to English hearts of buying in the cheapest and selling in the dearest market, would render any immediate results improbable." Notwithstanding this, he thought that the closer union of the empire was a thing to be desired; and to attain that end he made the immediate proposal "that any country in the empire which should impose duties on imports should give to commodities coming from British possessions a preference over those from foreign countries."<sup>5</sup>

The Cape delegates, headed by Mr. Hofmeyr, had proposed, among others, this subject for discussion: "The feasibility of promoting closer union between the various parts of the British empire

<sup>3</sup> T. A. Brassey, "Nineteenth Century," vol. 50, pp. 190 *et seq.*

<sup>4</sup> P. S. Reinsch, "Colonial Government," p. 261.

<sup>5</sup> English Bluebooks, 1887, "Accounts and Papers," LVI, p. 1 *et seq.*



by means of an imperial customs tariff, the revenue derived from such tariff to be devoted to the general defence of the empire." Mr. Hofmeyr, who followed the lead opened by Sir Samuel Griffith, proposed that for the purpose of raising revenue for imperial defence, a general tariff of possibly 2 per cent should be levied on all goods coming into the empire; this was not to supplant the tariff arrangements then existing in the several parts of the empire, but was to be additional to them, thus constituting in effect a preferential arrangement within the British empire.

His first object was to promote the union of the empire. The natural consequence of the dispersion of the empire was the development of local interests, which in turn gave rise to disintegrating tendencies. This was exemplified in the British West Indies, where had grown up a strong sentiment in favor of annexation to the United States in order to secure a market for their sugar; the temptations of Canada to enter into a commercial and possibly a political union with the United States was also an illustration of this point; in fact, the Imperial Federation League of Canada was formed for the express purpose of preventing the Dominion government from accepting from the United States certain propositions concerning a customs union between the two countries, which were regarded as an ingenious trick, the purpose of which was to eventually bring Canada into the American Union. It was Hofmeyr's aim, by removing such temptations, to counteract the disintegrating tendencies in the empire. His second object was to bring about a more satisfactory arrangement in regard to imperial defence. Up to that time only Australia had agreed to contribute anything to the expenses of the imperial navy, and this contribution was insignificant, amounting only to ninety odd thousand sterling a year.

Although the comments on this proposition were in large part favorable, no resolutions were passed. In so far as the material results of this, and indeed of the following conference, are concerned, these are accurately stated by Lord Knutsford, then Colonial Secretary, in his despatch. "The conference," wrote he, "has been productive of the greatest good, in the opportunities which it has afforded for the interchange of information."

During the years following this conference, the idea of preferential tariffs seems to have gained supporters rapidly, especially in Canada, where Sir Charles Tupper and George T. Dennison have

been active in agitating the matter. The former supported the idea at the annual dinner of the Imperial Federation League in 1889; the United Trade Empire League was formed for the purpose of advocating the promotion of intra-imperial trade by means of "a moderate fence around the empire." This organization, in 1892, numbered five thousand members, three hundred of whom were members of imperial or colonial parliaments.<sup>6</sup> The idea was commended by the resolutions of the Associated Chambers of Commerce at Dublin in 1891; by motion of the Dominion House of Commons on April 25, 1892; and in June, 1892, by a session of the United Trade Empire League, at which were representatives from Great Britain, South Africa, Canada and the Australasian colonies, and at which "no discordant note was heard."<sup>7</sup>

The question of preferential tariffs within the empire took first place in the discussions of the Second Congress of the Chambers of Commerce of the empire in June, 1892. The first two resolutions dealt respectively with the expediency of closer union of the parts of the empire and with free trade as a basis for promoting this. Mr. G. W. Medley, of the London Chamber of Commerce, then offered a resolution, rejecting the idea of preferential duties based on protection as "politically dangerous and economically disastrous," and recommending to the colonies that, as far as circumstances would permit, they should adopt the non-protective policy of the mother country.

To this Sir Charles Tupper offered an amendment, recommending a small differential duty, not exceeding 5 per cent, to be adopted by the imperial and colonial governments, in favor of certain productions and against foreign imported articles. The debate waxed hot for two days, when the amendment was finally defeated and the original motion carried by a vote of fifty-five to thirty-three, Australasia and South Africa voting against the amendment. In view of the declarations of prominent leaders of the Australasian governments, and of their important trade bodies, this attitude was unexpected. Sir Samuel Griffith, Premier of Queensland; James Service, of Victoria, and his successor, Alfred Deakin; Sir John Downes, of South Australia; Sir William Fitzherbert, of New Zealand, and the Hon. Mr. Dibbs, Premier of

<sup>6</sup> Sir Charles Tupper, "Fortnightly Review," vol. 58, p. 137.

<sup>7</sup> Ibid., "Fortnightly," 58, p. 138.

New South Wales, as well as the Chambers of Commerce of Canterbury, New Zealand, Hamilton and Cape Town, had all placed themselves on record as favoring preferential tariffs.<sup>8</sup> This was the last free-trade resolution to be offered at any congress of the Chambers of Commerce or any colonial conference.

The second colonial conference met at Ottawa in 1894, all the above-named parts of the empire again being represented. The discussions impress one as being largely a repetition of those of 1887. The subject of preferential tariffs took the lead in the discussions, and "what we might call the theoretical view of free trade—almost the utopian idea of trade—was expressed side by side with those from the colonies, which were already feeling the stress of foreign protective tariffs. The wish of some of the delegates was that the colonies should be allowed a free hand in making commercial treaties and even without the empire."<sup>9</sup>

The resolutions emphasized the advisability of permitting the colonies to enter into agreements of commercial reciprocity, including the power of making differential tariffs within the empire, and recommended to Great Britain that she should cancel certain foreign treaties which obstructed this arrangement. They emphasized the importance of "mutual and profitable commerce" as a means of binding the parts of the empire together, and finally resolved, (1) in favor of a customs arrangement between Great Britain and her colonies, creating preferences; (2) that until the mother country could see her way clear to entering into such an arrangement, it was desirable that the colonies should enter into such arrangements with one another; (3) that the South African Customs Union "should be considered as part of the territory capable of being brought within the scope of the contemplated trade arrangements."<sup>10</sup>

So far as actual results, other than promoting a discussion of the subjects therein raised, this conference had the same amount of success as did the preceding. Lord Jersey, who could not see any likelihood of a favorable reception of the preferential idea in England, delivered an address which was calculated to allay any false hopes which might have arisen in the breasts of the premiers;

<sup>8</sup> Sir Charles Tupper, "Fortnightly," 58, 137 *et seq.*

<sup>9</sup> J. Van Sommer, "Magazine of Commerce," September, 1903, p. 178.

<sup>10</sup> English Bluebooks, 1894, "Accounts and Papers," LVI, pp. 337 *et seq.*

Lord Ripon, in his despatch, adopted the same attitude, and nothing came of the conference.

In the sessions of the Congress of the Chambers of Commerce in 1896 and 1900, and the Colonial Conference of 1897, there was nothing much new except Mr. Chamberlain and the language in which the resolutions were couched. Mr. Chamberlain, who came into the Colonial Secretaryship in 1895 and who represented the British government at the Congress of the Chambers of Commerce at London in 1896, has been pre-eminently the apostle of imperial federation; yet in 1896 he discouraged all attempts to get preferential customs treatment from Great Britain, saying:

"I pass on now to a proposal which found expression at the great Congress [of Chambers of Commerce] of Ottawa, and which was that we should abandon our trade system in favor of the colonial system. It is in effect that we should be expected to change our whole system and to impose duties on food and raw material. There is not the slightest chance that in any reasonable time such an agreement would be adopted. The foreign trade of this country is so large, and the foreign trade of the colonies is comparatively so small, that a small preference given to us upon that foreign trade would make so slight a difference, and would be so slight a benefit, to the total volume of our foreign trade that I do not believe the working classes of this country would consent to make a revolutionary change for what they think would be an infinitesimal gain. We have, therefore, if we are to make progress, to seek a third course, and I admit, if I understand it correctly, I find the germs of such a proposal in a resolution to be submitted to you on behalf of the Toronto Board of Trade. That resolution I understand to be one for the creation of a British Customs Union."<sup>11</sup>

This resolution, introduced by the Toronto Board of Trade, and dealing with such practical subjects as the building of the Canadian Pacific Railway, the establishment by Canada of steamship connection with Hong Kong, New Zealand and Australia, the subsidy of a fast Atlantic steamship service, and the hastening of postal, wire and cable communications with different portions of the empire, was to this effect:

"*Resolved*, that in the opinion of this Congress, the advantages to be obtained by a closer union between the various portions of the empire are so great as to justify an arrangement as nearly as possible of the nature of a zollverein, based upon the principles of the freest exchange of commodities within the empire consistent with the tariff requirements incident

<sup>11</sup> "Magazine of Commerce," September, 1903, p. 179.

to the maintenance of the local governments of each kingdom, dominion, province, or colony now forming part of the British family of nations."<sup>12</sup>

This resolution, which was given precedence in the debates, was amended so as to favor "a customs union between Great Britain and her colonies on the basis of 'preferential treatment;'" but as finally amended it "went no further than asking Her Majesty's government to take into consideration the formation of some practical plan for the establishment of closer commercial relations."<sup>13</sup>

Before the Third Colonial Conference, which met at the time of the Queen's Jubilee in 1897, Mr. Chamberlain proposed the formation of an Imperial Council, to which the government of each part of the empire should send an official representative. This proposal the colonial premiers flatly rejected, expressing themselves, by resolution, as being of the opinion "that the present political relations of the colonies to the mother country were entirely satisfactory;" Mr. Seddon and Sir E. N. C. Braddon raised the only dissenting voices. On commercial subjects, however, they were not so entirely satisfied; and they recommended by resolution, firstly, the denunciation by Great Britain of any foreign treaties then hampering her relations to her colonies; secondly, the premiers undertook to secure from their respective governments a preference to the products of the United Kingdom.

Later Canada did offer the United Kingdom a preference of 25 per cent of her import duties; this offer the British government accepted, and in return therefor denounced, in 1898, the commercial treaties with Germany and Belgium. Canada later increased her preference to  $33\frac{1}{3}$  per cent, and she also took the West Indian sugar industry under her protecting wing. No other tangible results came.

The fourth Congress of the Chambers of Commerce, in June, 1900, deserves mention only as producing a reaffirmation of its previously assumed position regarding the desirability and necessity of adopting a policy based on the principle of "mutual benefit," whereby each component part of the empire would receive a substantial advantage in trade as a result of its national relationship.<sup>14</sup>

<sup>12</sup> J. Van Sommer, "Magazine of Commerce," September, 1903, p. 180.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid, p. 181.

The last conference of the colonial premiers was held in London, in June, 1902. Mr. Chamberlain called this conference for the purpose of discussing the political relations between the mother country and the colonies, imperial defence, and the commercial relations of the empire.<sup>15</sup> As Mr. Vince, Mr. Chamberlain's "right bower," states the case, the project of federation based on the idea of free trade within the empire was placed before the premiers.<sup>16</sup> A writer in *The Nation* of July, 1902, represented the discussion of the first point, the political relations, as then progressing with a marked reticence on both sides towards making any specific proposals.<sup>17</sup> The premiers were reticent because they did not feel any pressing need for discussing the matter then. As they had expressed themselves in 1897, they were satisfied with present arrangements, and had no propositions to submit. Consequently they merely leaned back and asked Mr. Chamberlain what he had to offer. He, likewise, had formulated the subject only in a *general* outline, and not in any specific form.

The resolutions which were passed were in substance as follows:

1. They recognized that preferential trading between the parts of the empire would stimulate and facilitate mutual commercial intercourse, and by promoting the development of the resources and industries of the several parts, strengthen the empire.

2. That in the present circumstances, a general system of free trade between the parts of the empire was not practicable.

3. But to promote an increasing trade within the empire, it was desirable that the colonies should, as far as circumstances permit, give substantial preferential treatment to the products and manufactures of the United Kingdom.

4. The premiers urged upon the government of the United Kingdom the expediency of granting preferential treatment to the products and manufactures of the colonies, either by exemption from or reduction of duties then or thereafter imposed.

5. The premiers undertook to submit to their respective governments at the earliest opportunity, the principle of these resolutions, and to request them to take such measures as might be necessary to give effect to it.

The attitude of the premiers toward the subject of political relations may be judged by the fact that the subject was not even

<sup>15</sup> "Review of Reviews," 26, p. 353.

<sup>16</sup> Vince, "Mr. Chamberlain's Proposals."

<sup>17</sup> "The Nation," 75, .6.

mentioned in their resolutions. In the second resolution they decisively reject Mr. Chamberlain's proposition of intra-imperial free trade; while the remaining three resolutions are in substance mere repetitions of those of the two preceding conferences, and quite plainly indicate that what the premiers want is an advantage for colonial products in the markets of the mother country; for the attainment of this end they are willing to grant to the mother country some small advantages in their own markets. They did not feel themselves justified in going to the full length of declaring for absolute free trade within the empire, because they felt that the immediate removal of all protective duties would greatly injure the capital which has already been invested in the protected industries of the colonies. The approach to free trade must be gradual in order that these interests might have sufficient time to adjust themselves to the anticipated new conditions.

The recent Congress of the Chambers of Commerce which met in London during August of this year need not hold our attention. Although the discussion lasted for a number of days, the resolutions as finally adopted were the same in essence and almost identical in language with those of the preceding congress in 1900.

Several inferences may be drawn from this somewhat lengthy recital of history. The first is, that the subjects of federation, defence, and preferential tariffs are not new, but have been before the attention of the outlying portions of the empire for many years. Secondly, that the colonists do not in the main desire complete separation from the empire; thirdly, that they do not at present desire any closer political union of the parts of the empire than now exists, and consequently any process of cementing the parts of the empire more firmly together is not likely to proceed along this line; the colonists do not look with complacency or favor upon any prospective change in political relations which is likely in any way to deprive them of their present measure of local autonomy. Fourthly, that the colonies, in so far as the expressions of their premiers and trades bodies form an indication of their wishes, do desire closer trade relations with one another, and especially the mother country; and that the means they have in view by which to attain these consist in most part of a customs arrangement within the empire, by which the products and manufactures of each part shall have, in the markets of every other part, an advan-

tage over similar commodities coming from foreign countries. In other words, they want "preferential tariffs."

The work so far has, comparatively speaking, been easy. But when we attempt to ascertain Mr. Chamberlain's reasons for forcing this subject before the attention of the British electorate at the present moment, the task becomes more difficult. Mind-reading is never an easy task for the uninitiated, and when the subject is so astute a politician as is Mr. Chamberlain, it is especially difficult.

It might be said that the action of the colonial premiers in rejecting his free-trade proposition and in undertaking to persuade their governments to take immediate steps toward the adoption of a "preferential" tariff system has in a measure morally forced him into this step. He has posed pre-eminently as the apostle of imperial federation and the friend of the colonies, and when they refused all his other overtures, nothing remained to him but the present step; yet twice before the colonial premiers have undertaken to accomplish the same task, and no one in Great Britain felt himself morally forced to do anything.

Indeed it is probable that not one circumstance, but, for Mr. Chamberlain, a happy combination of circumstances, induced him to open the campaign at the present time. The Balfour Ministry was without an issue, and felt to be on the verge of dissolution; and it is conceivable that Mr. Chamberlain would not be averse to the premiership if it were urged upon him. Great Britain's export trade had been at a standstill for many years, and the exports of manufactures to the principal strongholds of protection had been falling off. The manufacturers had for many years endured the increasing strain of foreign competition, and were being more and more pinched by it, until they were ready for measures of relief; in fact, when the country was about ready for a change to a protective basis the insistent demands of the colonies for a preference in the markets of Great Britain served as a convenient handle by which to pull in the protective system under a less offensive name. But if Mr. Chamberlain remained in the Balfour Ministry, and this should go before the electorate with protection, or as Mr. Balfour terms it, "retaliation," as an issue and be returned to office, the chances were good that not Mr. Chamberlain, but Mr. Balfour, would reap the benefit.

As to the ex-Colonial Secretary's chance of success in the



present campaign, any prediction at the present moment must be too conjectural to be worthy of much consideration. The Balfour Ministry is not yet before the electorate, and it is difficult to foresee every turn which may be given the issue. Mr. Chamberlain and his fiscal scheme are apparently received with much enthusiasm wherever he goes; but so are his chief opponents, and in the very same places. The Conservative organizations at Birmingham, Greenock, Newcastle, and Glasgow adopted resolutions commending Mr. Chamberlain's fiscal policy. But a few days later a trades body in Birmingham condemned his whole scheme, expressing themselves as not desirous of exchanging cheap food for old-age pensions. Mr. John A. Hobson, who has traveled all over the United Kingdom interviewing the captains and managers of industry, found scarcely a manufacturer of importance in all Great Britain who was not in favor of protection and Mr. Chamberlain. This augurs success for the ex-Colonial Secretary, but no one will be able to tell the result until it has happened.

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